March 14, 2024

MCCOY GLOBAL ANNOUNCES FOURTH QUARTER AND YEAR END 2023 RESULTS AND DOUBLES ITS QUARTERLY DIVIDEND

Edmonton, Alberta – **McCoy Global Inc.** ("McCoy," "McCoy Global" or "the Corporation") (TSX:MCB) today announced its operational and financial results for the year and three months ended December 31, 2023.

Annual Highlights:

- Total revenue of $69.7 million, a 33% increase from the $52.4 million reported in 2022, driven by strong demand for recently commercialized new products;
- Adjusted EBITDA[1] of $13.1 million, or 19% of revenue, compared with $8.5 million, or 16% of revenue, in 2022, reaching the highest level since 2014.

Fourth Quarter Highlights:

- Revenue increased 8% to $19.7 million, compared to $18.3 million in 2022, driven by strong demand for the newly commercialized smart products, particularly McCoy's Flush Mount Spider (FMS);
- Adjusted EBITDA[1] increased to $4.0 million, or 20% of revenue, compared to $3.7 million, or 20% of revenue, in 2022;
- Advanced its Digital Technology Roadmap, and since January 1, 2023:
  - Reported thirty-nine (39) commercial sales for McCoy's Flush Mount Spider (FMS) and twenty-three (23) additional tools scheduled for delivery in early 2024. With a growing number of tools delivered in the fourth quarter and coming months, we expect the increased exposure with operators will showcase the benefits of McCoy's FMS, and in turn, further accelerate adoption in the year ahead. McCoy's FMS is a hydraulic rotary flush mounted spider that when fully connected (smartFMS™), handles casing while providing information on the state of the tool to the driller's display in real-time as well as the ability to integrate with McCoy Smart Casing Running Tool (smartCRT™).
  - Reported two (2) commercial sale for McCoy's smartCRT™ and delivered four (4) rental tools in Latin America to a large multinational customer committed to utilizing our technology. In addition, purchase order commitments were received from a new market entrant in Latin America. The smartCRT™ has successfully executed multiple commercial casing jobs in the Middle East North Africa ("MENA") region, proving the in-field application of the tool and display. We expect to continue to build upon the tool's in-field performance record in 2024 and further accelerate customer adoption. McCoy's smartCRT™ is an intelligent, connected enhancement of our conventional casing running tool that offers superior safety, efficiency and simplified operating procedure, with real-time data collection and analysis capabilities. This technology effectively mitigates the risk of human error, while providing actionable insights that optimize future performance.
  - Completed the development of the smarTR™ and have since began in-field trials with our partnering customer in North America. We expect further advancements toward commercialization and look forward to reporting our progress on key milestones.
- Announced the doubling of its quarterly cash dividend to $0.02 per common share payable on April 15, 2024, to shareholders of record as of close of business on March 31, 2024.

"McCoy's strong fourth quarter results reflect the successful execution of our growth strategy. McCoy's revenue and adjusted EBITDA was driven by robust demand for the newly commercialized smart products we invested in under our Digital Technology Roadmap initiative, with particular emphasis on the success of the Flush Mount Spider (FMS) in the North American land market in Q4," said Jim Rakievich, President & CEO of McCoy. "Looking ahead, oil & gas market fundamentals remain robust for international markets, especially in the MENA region. Though timing and product mix of customer purchase commitments may result in quarter-to-quarter fluctuations in revenues and gross margins, we anticipate sustained success beyond drilling activity cycles as adoption of our smart technologies continues to accelerate."

"For the fourth quarter of 2023, McCoy reported net earnings of $2.7 million on $19.7 million of revenues, generating $4.2 million of operating cashflows. Looking ahead, with continued strong customer demand, alongside a disciplined approach to our overhead structure, we expect to manifest solid operating leverage as we deliver on our $22.5 million backlog." said Lindsay McGill, Vice President & CFO of McCoy. "McCoy remains confident in the continued strong adoption of its new technologies in 2024, and with its proven track record of operational efficiency and cashflow generation, McCoy has since doubled its quarterly dividend to $0.02 per share."

Fourth Quarter Financial Highlights:

- Total revenue of $19.7 million, compared with $18.3 million in 2022;
- Net earnings of $2.7 million, compared to net earnings of $7.3 million in 2022, with the comparative period benefitting from a $3.9 million gain on sale and leaseback of McCoy's facility in Cedar Park, TX, and $1.0 million recovery of income taxes;
- Adjusted EBITDA[1] increased to $4.0 million, or 20% of revenue, compared with $3.7 million, or 20% of revenue, in 2023;
- Booked backlog[2] of $22.5 million at December 31, 2023, a 5% decline from the $24.7 million in the fourth quarter of 2022; and
- Book-to-bill ratio[3] was 0.91 for the three months ended December 31, 2023, compared with 0.81 in the fourth quarter of 2022.

Annual Financial Highlights:

- Total revenue of $69.7 million, a 33% increase from the $52.4 million reported in 2022, driven by strong demand for recently commercialized new products;
- Net earnings of $6.5 million, compared to net earnings of $8.8 million in 2022, with the comparative period benefitting from a $3.9 million gain on sale and leaseback of McCoy's facility in Cedar Park, TX, and $1.0 million recovery of income taxes; and
- Adjusted EBITDA[1] of $13.1 million, or 19% of revenue, compared with $8.5 million, or 16% of revenue, in 2022, reaching the highest level since 2014.

Financial Summary

Revenue of $19.7 million for the three months ended December 31, 2023, grew 8% in comparison to 2022, driven by strong customer demand for McCoy's FMS, particularly in the North America land market. For the year ended December 31, 2023, revenues of $69.7 million benefited from continued market share increase of McCoy's DWCRT™, as well as further deliveries of McCoy's new technologies including the FMS and smartCRT™. In the comparative period, revenues benefited from strengthened industry fundamentals and key capital equipment orders received from new market entrants in several regions in the Middle East and North Africa.

Gross profit, as a percentage of revenue for both the three months and year ended December 31, 2023, was 33%, an increase of one and three percentage points, respectively, from the comparable periods in 2022. The improvement was largely a result of increased production throughput as well as product mix weighed more heavily towards the new products with favourable product margins compared to legacy capital equipment. This was partially offset by additional labour costs to support increased production throughput as increased customer technical support.

For the three months December 31, 2023, general and administrative expenses (G&A) increased by $0.5 million to $2.5 million, from the comparable periods in 2022, primarily attributable to the appreciation of the Corporation's stock price on Director Performance Share Units and Director Share Units. For the year ended December 31, 2023, McCoy reported G&A of $8.6 million or 12% of revenue. On an annual basis, G&A increased from 2022 due to increased stock-based compensation of $1.3 million (2022 - $0.6 million), attributable to the appreciation of the Corporation's stock price on Director Performance Share Units and Director Share Units. In addition, headcount increases to support increased operational activities, the impact of full-year reversal of wage rollbacks that took place in June 2022, and inflationary pressures on service provider pricing also contributed to the increase in G&A. For the year ended December 31, 2023, as a percentage of revenue, G&A remained flat at 12% compared to 2022.

During the three months and year ended December 31, 2023, product development and support expense totaled $1.1 million and $4.1 million, respectively, with the further advancement of McCoy's 'Digital Technology Roadmap' initiative through concentrated efforts on accelerating market adoption of new and recently commercialized 'smart' portfolio products, including the smartCRT™ and FMS. Field trials for the automated smarTR™ system commenced in Q3 and will continue into 2024. In the comparative periods, product development and support included internal product development hours and field trial support, in addition to $0.6 million of external spend related to field trials, prototype materials, and certification costs.

For the three months and year ended December 31, 2023, sales and marketing expenses increased from the comparative period to $0.7 million and $2.4 million, respectively, as a result of increased sales and marketing activity to support newly commercialized smart products. For the year ended December 31, 2023, as a percentage of revenue, sales and marketing expenses remained unchanged at 3% compared to 2022.

For the three months and year ended December 31, 2023, other losses, net of $0.2 million and $0.3 million, respectively is comprised primarily of foreign exchange losses. For the three months and year ended December 31, 2022, other gains are comprised primarily of $4.1 million of gains on disposal of property, plant and equipment including the impact of the sale and leaseback transaction the Corporation completed in December 2022, offset by foreign exchange losses.

Net earnings for the three months ended December 31, 2023, was $2.7 million or $0.10 per basic share, compared with net earnings of $7.3 million or $0.26 per basic share in the fourth quarter of 2022. Net earnings for the year ended December 31, 2023, was $6.5 million or $0.23 per basic share, compared with net earnings of $8.8 million or $0.31 per basic share in 2022. Net earnings for the three months and year ended December 31, 2022, benefited from benefited from a $3.9 million gain on property, plant and equipment recognized in conjunction with the sale-leaseback of McCoy's facility in Cedar Park, Texas, as well as a $1.0 million recovery of income tax expense, largely from the recovery of previously unrecognized deferred tax assets.

Adjusted EBITDA[1] for the three months ended December 31, 2023, was $4.0 million compared with $3.7 million for the fourth quarter of 2022. For the year ended December 31, 2023, Adjusted EBITDA[1] was $13.1 million compared with $8.5 million in 2022. This growth reflects McCoy's robust operating efficiency, fueled by significant revenue contributions from innovative technologies such as FMS, DWCRTs, and smartCRT™s, which generally offer higher margins compared to legacy capital equipment. Adjusted EBITDA performance for the three months and year ended, December 31, 2023, was impacted by increased revenues and production throughput, offset to a lesser extent by escalated freight costs and adjustments in workforce compensation to support revenue expansion.

As at December 31, 2023, the Corporation had $15.7 million in net cash[4], along with an additional $11.1 million available under undrawn credit facilities that were renewed throughout the year.

Selected Quarterly Information

($000 except per share amounts and percentages)	Q4 2023	Q4 2022	% Change
Total revenue	19,699	18,264	8%
Gross profit	6,423	5,845	10%
as a percentage of revenue	33%	32%	1%
Net earnings	2,674	7,264	(63%)
as a percentage of revenue	14%	40%	(26%)
per common share – basic	0.10	0.26	(62%)
per common share – diluted	0.10	0.26	(60%)
Adjusted EBITDA[1]	3,987	3,682	8%
as a percentage of revenue	20%	20%	-%
per common share – basic	0.15	0.13	15%
per common share – diluted	0.14	0.13	8%

Total assets	77,241	77,793	(1%)
Total liabilities	23,257	26,079	(11%)
Total non-current liabilities	3,208	6,680	(52%)

Selected Annual Information

($000 except per share amounts and percentages)	2023	2022	% Change
Total revenue	69,689	52,428	33%
Gross profit	22,830	15,763	45%
as a percentage of revenue	33%	30%	3%
Net earnings	6,529	8,763	(25%)
as a percentage of revenue	9%	17%	(8%)
per common share – basic	0.23	0.31	(26%)
per common share – diluted	0.23	0.31	(26%)
Adjusted EBITDA[1]	13,125	8,537	54%
as a percentage of revenue	19%	16%	3%
per common share – basic	0.47	0.30	57%
per common share – diluted	0.46	0.30	53%

Summary of Quarterly Results

($000 except per share amounts)	Q4 2023	Q3 2023	Q2 2023	Q1 2023	Q4 2022	Q3 2022	Q2 2022	Q1 2022
Revenue	19,699	16,878	12,571	16,864	18,264	12,410	12,863	8,891
Net earnings	2,674	1,900	2,996	528	7,264	274	1,051	174
as a % of revenue	14%	11%	24%	3%	40%	2%	8%	2%
per share - basic	0.10	0.07	0.10	0.02	0.26	0.01	0.04	0.01
per share - diluted	0.10	0.07	0.10	0.02	0.25	0.01	0.04	0.01
EBITDA[1]	3,001	3,641	3,618	1,954	7,319	1,149	1,943	1,146
as a % of revenue	15%	22%	29%	12%	40%	9%	15%	13%
Adjusted EBITDA[1]	3,988	3,856	3,739	2,419	3,681	1,099	2,296	1,461
as a % of revenue	20%	23%	30%	14%	20%	9%	18%	16%

Outlook and Forward-Looking Information

Over the short and medium term, oil & gas market fundamentals remain robust for international markets, especially in the Middle East and North Africa (MENA). Increased drilling activity and the entry of new regional players alongside National Oil Companies' (NOC) strong focus on increased safety and efficiency will create further opportunities for our new products. McCoy is well positioned to capitalize on these trends with market leading technologies and product enhancements that provide superior safety, efficiency and simplified operating procedures, as well as expert technical support with local presence and the broadest portfolio of TRS equipment on the market.

Turning to the North America land market, despite flat rig count and drilling activity, McCoy anticipates continued robust order intake for our new FMS technology in 2024 due to the performance and safety advantages inherent in its unique design, along with the ongoing labour challenges faced by many of our customers.

As we progress through the commercialization stage of our 'Digital Technology Roadmap' initiative, we expect future revenues to become less dependent on the cyclicality of drilling activity, and more driven by technology adoption, demand from new local and regional market entrants, and market share gains in new geographies.

From January 1 to March 13, 2024, order intake amounted to $15.6 million, on pace with Q4 2023 order intake. With $22.5 million (US$17.0 million) of backlog reported at December 31, 2023, we are confident in delivering strong revenue and earnings performance for 2024. However, timing delays experienced on certain customer purchase commitments, shifts in product mix, and greater than anticipated book-and-ship revenues that positively impacted Q4, 2023, may result in quarter-to-quarter fluctuations in revenues and gross margins, particularity in the first quarter, with revenues and earnings more heavily weighted toward the second half of 2024. McCoy remains confident in the continued strong adoption of its new technologies in 2024, and with its proven track record of operational efficiency and cashflow generation, McCoy has since doubled its quarterly dividend to $0.02 per share. For 2024 and beyond, we continue to focus on our key strategic initiatives to deliver value to all our stakeholders:

- Accelerating market adoption of new and recently developed 'smart' portfolio products;
- Taking advantage of the current market trajectory by focusing on revenue generation from new and existing customers;
- Focusing on capital allocation priorities; a) investment in growth through both organic and strategic M&A opportunities where returns are favourable and b) return excess cash to our shareholders in the form of share buybacks and quarterly dividends.

We believe this strategy, together with our committed and agile team, McCoy's global brand recognition, application expertise, strong balance sheet, and global footprint will further advance McCoy's competitive position and generate strong returns on invested capital.

About McCoy Global Inc.

McCoy Global is transforming well construction using automation and machine learning to maximize wellbore integrity and collect precise connection data critical to the global energy industry. The Corporation has offices in Canada, the United States of America, and the United Arab Emirates and operates internationally in more than 50 countries through a combination of direct sales and key distributors.

Throughout McCoy's 100-year history, it has proudly called Edmonton, Alberta, Canada its corporate headquarters. The Corporation's shares are listed on the Toronto Stock Exchange and trade under the symbol "MCB".

[1] EBITDA is calculated under IFRS and is reported as an additional subtotal in the Corporation’s consolidated statements of cash flows. EBITDA is defined as net earnings (loss), before depreciation of property, plant, and equipment; amortization of intangible assets; income tax expense (recovery); and finance charges, net. Adjusted EBITDA is a non-GAAP measure defined as net (loss) earnings, before: depreciation of property, plant, and equipment; amortization of intangible assets; income tax expense (recovery); finance charges, net; provisions for excess and obsolete inventory; other (gains) losses, net; restructuring charges; share-based compensation; and impairment losses. The Corporation reports on EBITDA and adjusted EBITDA because they are key measures used by management to evaluate performance. The Corporation believes adjusted EBITDA assists investors in assessing McCoy Global’s current operating performance on a consistent basis without regard to non-cash, unusual (i.e. infrequent and not considered part of ongoing operations), or non-recurring items that can vary significantly depending on accounting methods or non-operating factors. Adjusted EBITDA is not considered an alternative to net (loss) earnings in measuring McCoy Global’s performance. Adjusted EBITDA does not have a standardized meaning and is therefore not likely to be comparable to similar measures used by other issuers. For comparative purposes, in previous financial disclosures ‘adjusted EBITDA’ was defined as “net earnings (loss) before finance charges, net, income tax expense (recovery), depreciation, amortization, impairment losses, restructuring charges, non-cash changes in fair value related to derivative financial instruments and share-based compensation.”

($000 except per share amounts and percentages)	Q4 2023	Q4 2022
Net earnings	2,674	7,264
Depreciation of property, plant, and equipment	571	407
Amortization of intangible assets	472	407
Income tax recovery	(708)	(974)
Finance charges, net	(8)	215
EBITDA	3,001	7,319
Provisions (recovery of) for excess and obsolete inventory	280	(4)

Other losses (gains), net	176	(3,810)
Share-based compensation	530	177
Adjusted EBITDA	3,987	3,682

($000 except per share amounts and percentages)	2023	2022
Net earnings	6,529	8,763
Depreciation of property, plant, and equipment	1,985	1,846
Amortization of intangible assets	1,823	1,151
Income tax expense (recovery)	558	(974)
Finance charges, net	340	771
EBITDA	11,235	11,557
Provisions for (recovery of) excess and obsolete inventory	279	486
Other losses (gains), net	304	(4,072)
Share-based compensation	1,307	566
Adjusted EBITDA[1]	13,125	8,537

[2] McCoy Global defines backlog as orders that have a high certainty of being delivered and is measured on the basis of a firm customer commitment, such as the receipt of a purchase order. Customers may default on or cancel such commitments, but may be secured by a deposit and/or require reimbursement by the customer upon default or cancellation. Backlog reflects likely future revenues; however, cancellations or reductions may occur and there can be no assurance that backlog amounts will ultimately be realized as revenue, or that the Corporation will earn a profit on backlog once fulfilled. Expected delivery dates for orders recorded in backlog historically spanned from one to six months. Under current market conditions, many customers have shifted their purchasing towards just-in-time buying.

[3] The book-to-bill ratio is a measure of the amount of net sales orders received to revenues recognized and billed in a set period of time. The ratio is an indicator of customer demand and sales order processing times. The book-to-bill ratio is not a GAAP measure and therefore the definition and calculation of the ratio will vary among other issuers reporting the book-to-bill ratio. McCoy Global calculates the book-to-bill ratio as net sales orders taken in the reporting period divided by the revenues reported for the same reporting period.

[4] Net cash is a non-GAAP measure defined as cash and cash equivalents, plus: restricted cash, less: borrowings.

Forward-Looking Information

This News Release contains forward looking statements and forward-looking information (collectively referred to herein as "forward looking statements") within the meaning of applicable Canadian securities laws. All statements other than statements of present or historical fact are forward-looking statements. Forward looking information is often, but not always, identified by the use of words such as "could", "should", "can", "anticipate", "expect", "objective", "ongoing", "believe", "will", "may", "projected", "plan", "sustain", "continues", "strategy", "potential", "projects", "grow", "take advantage", "estimate", "well positioned" or similar words suggesting future outcomes. This New Release contains forward looking statements respecting the business opportunities for the Corporation that are based on the views of management of the Corporation and current and anticipated market conditions; and the perceived benefits of the growth strategy and operating strategy of the Corporation are based upon the financial and operating attributes of the Corporation as at the date hereof, as well as the anticipated operating and financial results. Forward looking statements regarding the Corporation are based on certain key expectations and assumptions of the Corporation concerning anticipated financial performance, business prospects, strategies, the sufficiency of budgeted capital expenditures in carrying out planned activities, the availability and cost of labour and services and the ability to obtain financing on acceptable terms, which are subject to change based on market conditions and potential timing delays. Although management of the Corporation consider these assumptions to be reasonable based on information currently available to them, they may prove to be incorrect. By their very nature, forward-looking statements involve inherent risks and uncertainties (both general and specific) and risks that forward-looking statements will not be achieved. Undue reliance should not be placed on forward looking statements, as a number of important factors could cause the actual results to differ materially from the beliefs, plans, objectives, expectations, anticipations, estimates and intentions expressed in the forward looking statements, including inability to meet current and future obligations; inability to complete or effectively integrate strategic acquisitions; inability to implement the Corporation's business strategy effectively; access to capital markets; fluctuations in oil and gas prices; fluctuations in capital expenditures of the Corporation's target market; competition for, among other things, labour, capital, materials and customers; interest and currency exchange rates; technological developments; global political and economic conditions; global natural disasters or disease; and inability to attract and retain key personnel. Readers are cautioned that the foregoing list is not exhaustive. The reader is further cautioned that the preparation of financial statements in accordance with IFRS requires management to make certain judgments and estimates that affect the reported amounts of assets, liabilities, revenues, and expenses. These judgments and estimates may change, having either a negative or positive effect on net earnings as further information becomes available, and as the economic environment changes. The information contained in this News Release identifies additional factors that could affect the operating results and performance of the Corporation. We urge you to carefully consider those factors. The forward-looking statements contained herein are expressly qualified in their entirety by this cautionary statement. The forward-looking statements included in this News Release are made as of the date of this New Release and the Corporation does not undertake and is not obligated to publicly update such forward looking statements to reflect new information, subsequent events or otherwise unless so required by applicable securities laws.

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